



Control Number: 46852



Item Number: 3

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RECEIVED

ANNUAL STANDARD TRUE-UP §
 COMPLIANCE FILING FOR AEP §
 TEXAS CENTRAL COMPANY §
 CONCERNING RIDER TC-3- §
 TRANSITION CHARGE-3 RATES §

PUBLIC UTILITY COMMISSION

2017 FEB 27 AM 10:32

OF TEXAS

PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest and files this Recommendation in response to Order No. 1. In support thereof, Staff would show the following:

I. BACKGROUND

On February 13, 2017, AEP Texas Central Company (TCC) filed an annual true-up compliance filing concerning Rider TC-3-Transition Charge-3 rates. On February 15, 2017, the administrative law judge issued a Notice Requesting Staff's Recommendation. The Notice requested that Staff file a recommendation regarding the accuracy of the adjustment to the transition charges by February 27, 2017.

II. STAFF'S RECOMMENDATION

Staff has reviewed TCC's application and recommends that the adjustments to Rider TC-3 have been calculated accurately and reflect the necessary adjustments to correct for the over- and under-collected amounts, based on the attached memorandum from Grant Gervais of the Rate Regulation Division. Staff agrees that any necessary corrections to values presented in this case will be made in a future true-up adjustment. Finally, Staff recommends that TCC's proposal be approved and that TCC file a clean record copy of Tariff Rate Schedule 6.1.1.2.3.1 - Rider TC-3, Attachment 2 to TCC's application.

III. CONCLUSION

For the reasons stated above, Staff recommends that the Commission approve TCC's application.

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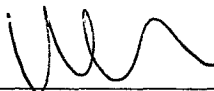
Date: February 27, 2017

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director

Katherine Lengieza Gross
Managing Attorney



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TARIFF CONTROL NO. 46852

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this February 7, 2017, in accordance with 16 TAC § 22.74.



Vera Dygert

Public Utility Commission of Texas
Memorandum

TO: Vera Dygert, Legal Division

FROM: Grant Gervais, Tariff & Rate Analysis, Rate Regulation Division

RE: **Tariff Control No. 46852-** *Annual Standard True-Up Compliance Filing for AEP Texas Central Company Concerning Rider TC-3 - Transition Charge-3 Rates*

DATE: February 27, 2017

On February 13, 2017, AEP Texas - Central Division (AEP Texas) filed for an Interim True-Up of *6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3* of its tariff (Rider TC-3) in compliance with the Financing Order of January 12, 2012, in Docket Number 39931. AEP Texas is required to file an annual Standard True-Up to correct for any over- or under- collections and ensure timely payment of transition bonds based on rating agency and bondholder considerations.

AEP Texas states that it has over-collected its total transition charges by \$641,617, with some rate classes in a position of over-collection, and some in under-collection. AEP Texas' proposed Rider TC-3 also reflects AEP Texas' current requirement to collect \$75,280,802 to pay for principal, interest, and other charges in order to make scheduled bond payments. AEP Texas has requested an effective date of March 1, 2017 for its updated Rider TC-3. Staff agrees that any necessary corrections to values presented in this case will be made in a future true-up adjustment.

I have reviewed AEP Texas's filing and determined that the adjustments to Rider TC-3 have been calculated accurately and reflect the necessary adjustments to correct for the over- and under-collected amounts. I therefore recommend that AEP Texas' proposed *6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates -- Rider TC-3, Revision No. 6* be **approved** as filed on February 13, 2017. Additionally, I recommend that a "clean" record copy of Tariff Rate Schedule 6.1.1.2.3.1 - Rider TC-3, Attachment 2 to AEP Texas' application, be stamped "Approved" by the Commission's Central Records Division and retained for future reference.